

CARLETON VENTURES CORP

Form SB-2/A

July 28, 2005

As filed with the Securities and Exchange

Commission on _____.

Registration No. 333-126333

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM SB-2/A-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

URANERZ ENERGY CORPORATION

formerly Carleton Ventures Corp.

(Name of small business issuer in its charter)

Nevada
(State or Other Jurisdiction of
Organization)

1081
(Primary Standard Industrial
Classification Code)

98-0365605
(IRS Employer Identification #)

CARLETON VENTURES CORP.
1140 Homer Street
Suite 306
Vancouver, British Columbia
Canada V6B 2X6
(604) 689-1659

(Address and telephone of registrant's executive office)

Conrad C. Lysiak, Esq.
601 West First Avenue
Suite 503
Spokane, Washington 99201
(509) 624-1475

(Name, address and telephone number of agent for
service)

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:

As soon as practicable after the effective date of this Registration Statement.

If this Form is filed to register additional common stock for an offering under Rule 462(b) of the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed under Rule 462(c) of the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed under Rule 462(d) of the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If delivery of the prospectus is expected to be made under Rule 434, please check the following box. []

CALCULATION OF REGISTRATION FEE

Securities to be Registered	Amount To Be Registered	Offering Price Per Share	Aggregate Offering Price	Registration Fee [1]
Common Stock by Selling Shareholders	6,959,500	\$ 0.45	\$ 3,131,775	\$ 396.96
TOTAL	6,959,500	\$ 0.45	\$ 3,131,775	\$ 396.96

[1] Estimated solely for purposes of calculating the registration fee under Rule 457(c).

REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON DATES AS THE COMMISSION, ACTING UNDER SAID SECTION 8(a), MAY DETERMINE.

Prospectus

SELLING SECURITIES PROSPECTUS
URANERZ ENERGY CORPORATION
formerly Carleton Ventures Corp.
6,959,500 Shares of Common Stock

Our common stock is traded on the Bulletin Board operated by the National Association of Securities Dealers, Inc. under "URNZ", formerly known as "CVTU". On June 6, 2005, the closing price of our common stock was \$0.45 per share.

This prospectus relates to the sale of up to 6,959,500 shares of our common stock by existing stockholders. All shares of common stock are being offered for sale by the selling shareholders at prices established by the Bulletin Board operated by the National Association of Securities Dealers, Inc. during the term of this offering. These prices will fluctuate based on demand for the shares of common stock.

Investing in our common stock involves risks. See "Risk Factors" starting at page 6.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. It is a criminal offense to tell you otherwise.

The date of this prospectus is _____.

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SUMMARY OF OUR OFFERING

Our business

We are a mineral exploration stage corporation. We own interests in properties in Nevada, Wyoming, Saskatchewan, Canada and Mongolia. We intend to explore for mineralized material on the properties.

We are an exploration stage company engaged in the acquisition, exploration and development of mineral properties. We have an interest in properties located in Nevada, Wyoming, Saskatchewan and Mongolia. We have commenced exploration work on the Burner Hills property in order to ascertain whether the Burner Hills property possesses commercially mineralized material. There can be no assurance that a commercially viable mineral deposit, or reserve, exists on the Burner Hills property until appropriate exploratory work is done and a comprehensive evaluation based

on such work concludes legal and economic feasibility. We have not begun exploration activities on the Wyoming, Saskatchewan or Mongolia properties.

On July 5, 2005, we changed our name from Carleton Ventures Corp. to Uranerz Energy Corporation.

Our offices are located at 1140 Homer Street, Suite 306, Vancouver, British Columbia V6B 2X6. Our telephone number is (604) 689-1659.

The offering

Following is a brief summary of this offering:

Securities being offered by Selling Shareholders	6,959,500 shares of common stock
Offering price per share	At the market
Net proceeds to us	None
Number of shares outstanding	12,600,000
Selected financial data	

The following financial information summarizes the more complete historical financial information at the end of this prospectus.

	As of March 31, 2005 (unaudited)		As of December 31, 2004 (audited)
Balance Sheet			
Total Assets	\$ 34,003	\$	7,470
Total Liabilities	\$ 77,193	\$	65,101
Stockholders Equity (Deficit)	\$ (43,190)	\$	(57,631)

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	Three months ending March 31, 2005 (unaudited)		Year Ending December 31, 2004 (audited)
Income Statement			
Revenue	\$ 0	\$	0
Total Expenses	\$ 10,559	\$	20,096
Net Loss	\$ (10,559)	\$	(20,096)

RISK FACTORS

Please consider the following risk factors before deciding to invest in our common stock.

Risks associated with our company:

1. Because our auditors have issued a going concern opinion, we may not be able to achieve our objectives and may have to suspend or cease exploration activities.

Because our previous auditors' report on our 2004 financial statements expresses an opinion that substantial doubt exists as to whether we can continue as an ongoing business for the next twelve months, we may have to suspend or cease exploration activities within twelve months.

2. Because the probability of an individual prospect ever having reserves is extremely remote, in all probability our property does not contain any reserves, and any funds spent on exploration will be lost.

Because the probability of an individual prospect ever having reserves is extremely remote, in all probability our properties do not contain any reserves, and any funds spent on exploration will be lost.

3. We have a limited operating history and have losses which we expect to continue into the future. As a result, we may have to suspend or cease exploration activities.

We were incorporated in 1999 and are engaged in the business of mineral exploration. We have not realized any revenue from our operations. We have no exploration history upon which an evaluation of our future success or failure can be made. Our net loss since inception through March 31, 2005 is \$158,865. Our ability to achieve and maintain profitability and positive cash flow is dependent upon

- * our ability to locate a profitable mineral property
- * our ability to generate revenues
- * our ability to reduce exploration costs.

Based upon current plans, we expect to incur operating losses in future periods. This will happen because there are expenses associated with the research and exploration of our mineral properties. We may not guarantee we will be successful in generating revenues in the future. Failure to generate revenues will cause us to go out of business.

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4. Because some of our officers and directors do not have technical training or experience in exploring for, starting, and operating a mine, we will have to hire qualified personnel. If we can't locate qualified personnel, we may have to suspend or cease exploration activity which will result in the loss of your investment.

Because some of our officers and directors are inexperienced with exploring for, starting, and operating a mine, we will have to hire qualified persons to perform surveying, exploration, and excavation of our property. Some of our officers and directors have no direct training or experience in these areas and as a result may not be fully aware of many of the specific requirements related to working within the industry. Their decisions and choices would typically take into account standard engineering or managerial approaches mineral exploration companies commonly use. However our exploration activities, earnings and ultimate financial success could suffer irreparable harm due to certain of management's decisions. As a result we may have to suspend or cease exploration activities which will result in the loss of your investment.

5. We have no known ore reserves. Without ore reserves we cannot generate income and if we cannot generate income we will have to cease exploration activities which result in the loss your investment.

We have no known ore reserves. Without ore reserves, we cannot generate income and if we cannot generate income we will have to cease exploration activities which will result in the loss of your investment.

6. *Because we are small and do not have much capital, we must limit our exploration and as a result may not find an ore body.*

Without an ore body, we cannot generate revenues and you will lose your investment.

Because we are small and do not have much capital, we must limit our exploration. Because we may have to limit our exploration, we may not find an ore body, even though our properties may contain mineralized material. Without an ore body, we cannot generate revenues and you will lose your investment.

7. *We may not have access to all of the supplies and materials we need to begin exploration which could cause us to delay or suspend exploration activities.*

Competition and unforeseen limited sources of supplies in the industry could result in occasional spot shortages of supplies, such as dynamite, and certain equipment such as bulldozers, drilling rigs, and excavators that we might need to conduct exploration. We have not attempted to locate or negotiate with any suppliers of products, equipment or materials. We will attempt to locate products, equipment and materials as needed. If we cannot find the products and equipment we need, we will have to suspend our exploration plans until we do find the products and equipment we need.

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8. *Because some of our officers and directors have other outside business activities and may not be in a position to devote a majority of their time to our exploration activities, our exploration activities may be sporadic which may result in periodic interruptions or suspensions of exploration*

Because some of our officers and directors have other outside business activities and may not be in a position to devote a majority of their time to our exploration activities, our exploration activities may be sporadic and occur at times which are convenient to our officers and directors. As a result, exploration of our property may be periodically interrupted or suspended.

9. *Because we may be unable to meet property payment obligations or be able to acquire necessary mining licenses, we may lose interests in our exploration properties.*

The agreements pursuant to which we acquired our interests in properties provide that we must make a series of cash payments over certain time periods, expend certain minimum amounts on the exploration of the properties or contribute our share of ongoing expenditures. If we fail to make such payments or expenditures in a timely fashion, we may lose our interest in those properties. Further, even if we do complete exploration activities, we may not be able to obtain the necessary licenses to conduct mining operations on the properties, and thus would realize no benefit from its exploration activities on the properties.

10. *Because mineral exploration and development activities are inherently risky, we may be exposed to environmental liabilities. If such an event were to occur it may result in a loss of your investment.*

The business of mineral exploration and extraction involves a high degree of risk. Few properties that are explored are ultimately developed into production. At present, none of our properties has a known body of commercial ore. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks

involved in extraction operations and the conduct of exploration programs. Although we intend to carry liability insurance with respect to our mineral exploration operations, we may become subject to liability for damage to life and property, environmental damage, cave-ins or hazards against which we cannot insure or against which we may elect not to insure. There are also physical risks to the exploration personnel working in the rugged terrain of Mongolia, often in poor climate conditions. Previous mining operations may have caused environmental damage at certain of our properties. It may be difficult or impossible to assess the extent to which such damage was caused by us or by the activities of previous operators, in which case, any indemnities and exemptions from liability may be ineffective. If any of our properties is found to have commercial quantities of ore, we would be subject to additional risks respecting any development and production activities. Most exploration projects do not result in the discovery of commercially mineable deposits of ore.

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11. Because we have not put a mineral deposit into production before, we will have to acquire outside expertise. If we are unable to acquire such expertise we may be unable to put our properties into production and you may lose your investment.

The board of directors includes four individuals that have experience in placing mining projects into production. However, we have no experience in placing mineral deposit properties into production, and our ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that we will have available to us the necessary expertise when and if we place mineral deposit properties into production.

12. Because Mongolian regulations require the State Administration of Exchange Control to approve the remittance of certain types of income out of Mongolia, we may be unable to repatriate our earnings. If we are unable to repatriate our earnings from Mongolia, you may lose your investment.

Mongolian regulations provide that, subject to payment of applicable taxes, foreign investors may remit out of Mongolia, in foreign exchange, profits or dividends derived from a source within Mongolia. Remittance by foreign investors of any other amounts (including, for instance, proceeds of sale arising from a disposal by a foreign investor of any of his investment in Mongolia) out of Mongolia is subject to the approval of the State Administration of Exchange Control or its local branch office. No assurance can be given that such approval would be granted if we dispose of all or part of its interest in our Mongolia projects. Further, there can be no assurance that additional restrictions on the repatriation of earnings in Mongolia will not be imposed in the future.

13. Because certain of our mineral interests are in Mongolia, you will be exposed to political risk. Such political risk could result in us losing interests in our properties in Mongolia. If this occurs you could lose your investment.

Some of our mineral interests are in Mongolia and may be affected by varying degrees of political instability and the policies of other nations in respect of these countries. These risks and uncertainties include military repression, political and labor unrest, extreme fluctuations in currency exchange rates, high rates of inflation, terrorism, hostage taking and expropriation. Some of our material mineral interests are currently located in Mongolia. Its mining, exploration and development activities may be affected by changes in government, political instability and the nature of various government regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond our control and may adversely affect our business and/or holdings. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and safety factors. Our operations in Mongolia entail significant governmental, economic, social, medical and other risk factors common to all developing countries. The status of Mongolia as a developing country may make it more difficult for us to obtain any required

financing because of the investment risks associated with these countries.

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14. Because some of our operations are in Mongolia we may be adversely affected by economic uncertainty characteristic of developing countries. Such adverse affects could result in a loss of your investment.

Our operations in Mongolia may be adversely affected by the economic uncertainty characteristic of developing countries. Operations in Mongolia are subject to risks relating to Mongolia's relatively recent transition to a market economy administered by an elected government. While Mongolia has recently permitted private economic activities, the government of Mongolia has exercised and continues to exercise substantial control over virtually every sector of Mongolia's economy through regulation and state ownership. Our prospects, results of operations and financial condition may be adversely affected by political, economic and social uncertainties in Mongolia, changes in Mongolia's leadership, diplomatic developments and changes or lack of certainty in the laws and regulations of Mongolia.

15. Because the acquisition of title to resource properties in Mongolia is a very time consuming process that may be subject to dispute we may not be able to acquire title to our properties. This may result in a loss of the properties and your investment.

The acquisition of title to resource properties or interests therein is a very detailed and time-consuming process. Title to and the area of resource concessions may be disputed. Our resource properties or interests in Mongolia are registered or are in the process of being registered in the name of our president, Mongolian representative, or joint venture companies. There is no guarantee of title to any of our properties. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. Title may be based upon interpretation of the country's laws, which laws may be ambiguous, inconsistently applied and subject to reinterpretation or change. We have not surveyed the boundaries of any of our mineral properties and consequently the boundaries of the properties may be disputed.

16. Because our subsidiary company may require certain approvals to advance our operations we are at risk of not receiving such approvals. If we don't receive the necessary approvals we may lose our property interests resulting in a loss of your investment.

While we are authorized to explore for uranium on our projects, we may be required to obtain further approvals from regulatory authorities in Mongolia in order to explore for minerals or to conduct mining operations. There is no assurance that such approvals would be granted by the Mongolian authorities at all or on terms favorable to the continued operations. The laws of Mongolia are ambiguous, inconsistently applied and subject to reinterpretation or change. While we believe that we will be properly established and that we have taken the steps necessary to obtain our interest in the projects, there can be no guarantee that such steps will be sufficient to preserve our interests in the projects.

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17. Because our joint venture partners have more influence with various levels of government we may not be able to protect our property interests in Mongolia. If we are unable to protect our interests you may lose your investment.

We may operate in Mongolia through a joint venture with a government controlled entity. Although this connection benefits us in some respects, there is a substantial inequality with respect to the influence of the respective joint venture parties with the various levels of government. The government holds a substantial degree of subjective control over the application and enforcement of laws and the conduct of business. This inequality would become particularly detrimental if a business dispute arose between joint venture parties. We will endeavor to maintain positive relations with both our joint venture partner and local governments, but there can be no guarantee that these measures will be sufficient to protect our interests in Mongolia.

18. *Because there is a limited public trading market for our common stock, you may not be able to resell your stock.*

There is currently a limited public trading market for our common stock on the Bulletin Board under the symbol "URNZ", formerly known as "CVTU". Therefore you may have difficulty reselling your shares.

19. *Because our securities are subject to penny stock rules, you may have difficulty reselling your shares.*

Our shares are "penny stocks" and are covered by Section 15(g) of the Securities Exchange Act of 1934 which imposes additional sales practice requirements on broker/dealers who sell our securities including the delivery of a standardized disclosure document; disclosure and confirmation of quotation prices; disclosure of compensation the broker/dealer receives; and, furnishing monthly account statements. For sales of our securities, the broker/dealer must make a special suitability determination and receive from its customer a written agreement prior to making a sale. The imposition of the foregoing additional sales practices could adversely affect a shareholder's ability to dispose of his stock.

USE OF PROCEEDS

We will not receive any proceeds from this offering. All proceeds will be received by selling shareholders. We will pay all expenses of this offering document and will not be reimbursed for any such expenses by the selling shareholders.

DETERMINATION OF OFFERING PRICE

The selling shareholders are offering their securities for sale in this offering. Their shares will be sold at the going market price. No shares are being offered by us. Our shares are traded on the Bulletin Board operated by the National Association of Securities Dealers, Inc. under the symbol "URNZ", formerly known as "CVTU". Our common stock began trading on the Bulletin Board on May 6, 2004.

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The following table shows the high and low bid price for our common shares for the quarters indicated.

	HIGH (\$)	LOW (\$)
2005		
First quarter	1.20	0.51
2004		

Fourth quarter	0.00	0.00
Third quarter	0.00	0.00
Second quarter	0.10	0.10

The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

Holders

As of June 6, 2005, we have 12,600,000 shares issued and outstanding. Based on research into the indirect holdings registered in the names of depositories and financial institutions, we estimate that we have approximately 60 beneficial shareholders.

Dividend Policy

We have never paid cash dividends on our capital stock. We currently intend to retain any profits we earn to finance the growth and development of our business. We do not anticipate paying any cash dividends in the foreseeable future.

DILUTION OF THE PRICE YOU PAY FOR YOUR SHARES

As March 31, 2005, the net tangible book value of our shares of common stock was \$(43,190) or \$(0.01) per share based upon 5,640,500 shares outstanding.

There will be no dilution as a result of the sale of shares of common stock by selling shareholders.

PLAN OF DISTRIBUTION

The selling shareholders, which as used herein includes donees, pledgees, transferees or other successors-in-interest selling shares of common stock or interests in shares of common stock received after the date of this prospectus from a selling stockholder as a gift, pledge, partnership distribution or other transfer, may, from time to time, sell, transfer or otherwise dispose of any or all of their shares of common stock or interests in shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, or at negotiated prices.

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The selling shareholders may use any one or more of the following methods when disposing of shares or interests therein:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;

- privately negotiated transactions;
- short sales effected after the date the registration statement of which this Prospectus is a part is declared effective by the SEC;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- broker-dealers may agree with the selling shareholders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The selling shareholders may, from time to time, pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock, from time to time, under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of selling shareholders to include the pledgee, transferee or other successors in interest as selling shareholders under this prospectus. The selling shareholders also may transfer the shares of common stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

In connection with the sale of our common stock or interests therein, the selling shareholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The selling shareholders may also sell shares of our common stock short and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers that in turn may sell these securities. The selling shareholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The aggregate proceeds to the selling shareholders from the sale of the common stock offered by them will be the purchase price of the common stock less discounts or commissions, if any. Each of the selling shareholders reserves the right to accept and, together with their agents from time to time, to reject, in whole or in part, any proposed purchase of common stock to be made directly or through agents. We will not receive any of the proceeds from this offering.

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The selling shareholders also may resell all or a portion of the shares in open market transactions in reliance upon Rule 144 under the Securities Act of 1933, provided that they meet the criteria and conform to the requirements of that rule.

The selling shareholders and any underwriters, broker-dealers or agents that participate in the sale of the common stock or interests therein may be "underwriters" within the meaning of Section 2(11) of the Securities Act. Any discounts, commissions, concessions or profit they earn on any resale of the shares may be underwriting discounts and commissions under the Securities Act. Selling shareholders who are "underwriters" within the meaning of Section 2(11) of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act.

To the extent required, the shares of our common stock to be sold, the names of the selling shareholders, the respective purchase prices and public offering prices, the names of any agents, dealer or underwriter, any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus

supplement or, if appropriate, a post-effective amendment to the registration statement that includes this prospectus.

In order to comply with the securities laws of some states, if applicable, the common stock may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the common stock may not be sold unless it has been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

We have advised the selling shareholders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of shares in the market and to the activities of the selling shareholders and their affiliates. In addition, we will make copies of this prospectus (as it may be supplemented or amended from time to time) available to the selling shareholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling shareholders may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act.

We have agreed to indemnify the selling shareholders against liabilities, including liabilities under the Securities Act and state securities laws, relating to the registration of the shares offered by this prospectus.

We have agreed with the selling shareholders to keep the registration statement of which this prospectus constitutes a part effective until the earlier of (1) such time as all of the shares covered by this prospectus have been disposed of pursuant to and in accordance with the registration statement or (2) the date on which the shares may be sold pursuant to Rule 144(k) of the Securities Act.

Section 15(g) of the Exchange Act

Our shares are covered by section 15(g) of the Securities Exchange Act of 1934, as amended, and Rules 15g-1 through 15g-6 promulgated thereunder. They impose additional sales practice requirements on broker/dealers who sell our securities to persons other than established customers and accredited investors (generally institutions with assets in excess of \$8,000,000 or individuals with net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouses).

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Rule 15g-1 exempts a number of specific transactions from the scope of the penny stock rules.

Rule 15g-2 declares unlawful broker/dealer transactions in penny stocks unless the broker/dealer has first provided to the customer a standardized disclosure document.

Rule 15g-3 provides that it is unlawful for a broker/dealer to engage in a penny stock transaction unless the broker/dealer first discloses and subsequently confirms to the customer current quotation prices or similar market information concerning the penny stock in question.

Rule 15g-4 prohibits broker/dealers from completing penny stock transactions for a customer unless the broker/dealer first discloses to the customer the amount of compensation or other remuneration received as a result of the penny stock transaction.

Rule 15g-5 requires that a broker/dealer executing a penny stock transaction, other than one exempt under Rule 15g-1, disclose to its customer, at the time of or prior to the transaction, information about the sales persons' compensation.

Rule 15g-6 requires broker/dealers selling penny stocks to provide their customers with monthly account statements.

Rule 15g-9 requires broker/dealers to approve the transaction for the customer's account; obtain a written agreement from the customer setting forth the identity and quantity of the stock being purchased; obtain from the customer information regarding his investment experience; make a determination that the investment is suitable for the investor; deliver to the customer a written statement for the basis for the suitability determination; notify the customer of his rights and remedies in cases of fraud in penny stock transactions; and, the NASD's toll free telephone number and the central number of the North American Administrators Association, for information on the disciplinary history of broker/dealers and their associated persons.

The application of the penny stock rules may affect your ability to resell your shares.

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BUSINESS

General

We are an exploration stage company engaged in the acquisition, exploration and development of mineral properties. We have an interest in the properties described below. On July 5, 2005, we changed our name from Carleton Ventures Corp. to Uranerz Energy Corporation. We have commenced exploration work on the Burner Hills property in order to ascertain whether the Burner Hills property possesses commercially developable quantities of gold and other precious minerals. There can be no assurance that a commercially viable mineral deposit, or reserve, exists on the Burner Hills property until appropriate exploratory work is done and a comprehensive evaluation based on such work concludes legal and economic feasibility.

Our property interests are as follows:

Nevada

- Burner Hills

Saskatchewan

- Cochrane River

Mongolia

- Khavtsal
Wyoming

- Wyoming State Leases
Descriptions of these property interests are as follows:

NEVADA

We purchased a 100% interest in fourteen unpatented mineral claims located in Elko County in the State of Nevada from Senate Capital Group Inc. in March 2001. We paid a purchase price of \$10,052 and issued 1,500,000 shares of common stock to Senate Capital Group in consideration for these mineral claims. Mr. John Rice, consulting geologist, prepared an initial geological report on the Burner Hills mineral claims in December 2000. This initial geological report summarized the information from previous exploration of the mineral claims and recommended exploration procedures on the mineral claims.

We entered into the mineral property purchase agreement with Senate Capital Group on March 14, 2001. Under the terms of this agreement, we acquired title to the Burner Hills mineral claims and the December 2000 geological report prepared by Mr. Rice in a non-arms-length transaction. We paid to Senate Capital Group the amount of \$10,052 and issued to Senate Capital Group a total of 1,500,000 shares of common stock in consideration for this acquisition. The total consideration issued to Senate Capital Group was based on the determination of the value of the Burner Hills mineral claims as being equal to \$25,052 as of March 14, 2001. This determination was a subjective determination made by the board of directors based on several factors, including the cost to acquire the mineral claims, the

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subjective assessment by the board of directors of the results of the December 2000 geological report received from Mr. Rice and the subjective assessment by the board of directors of the market for prospective gold exploration properties of similar merit in the region of the Burner Hills minerals claims. The board of directors did not obtain or consider any evaluation of the Burner Hills mineral claims made by any arms-length party in making this subjective determination. Accordingly, we can give investors no assurance that the value of the Burner Hills mineral claims arrived at by the board of directors is representative of the fair market value of the Burner Hills mineral claims. The cash consideration of \$10,052 paid to Senate Capital Group was based on the cost paid by Senate Capital Group to acquire the mineral claims from Mr. Rice. The share consideration issued was based on the last sales price of our common stock of \$0.01 per share, for total share consideration of \$15,000.

Geological Reports

We received an initial geological evaluation report on the Burner Hills mineral claims prepared by Mr. John A. Rice and dated December 2000. Mr. Rice is a graduate of the Colorado State University and holds a Bachelors of Science degree in Geology (1978) and a Masters of Science degree in Economic Geology (1984) from the Colorado State University. Mr. Rice is a member of the Geological Society of Nevada and the Society of Economic Geologists. We received this December 2000 geological report upon the acquisition of the Burner Hills mineral claims. We received updated reports from Mr. Rice dated August, 2002 outlining the results of Phase I and Phase II, and October, 2003 incorporating the results of exploration work by Mr. Rice on phase three of the geological work program recommended by Mr. Rice.

The purpose of the initial geological report was to summarize the information from the previous exploration of the mineral claims and to recommend exploration procedures on the mineral claims. The initial geological report summarizes the results of the history of the exploration of the mineral claims, the regional and local geology of the mineral claims and the mineralization and the geological formations identified as a result of the prior exploration.

The Burner Hills property is situated in northwestern Elko County, Nevada, on the northern extension of the Carlin Gold trend and its intersection with the northeast striking Getchell Gold trend. The Burner Hills property is located 25 kilometers (16 miles) north-northeast of Midas. It is located in section 12 of unsurveyed T41N, R47E. The property is accessed via a two-track dirt road from County Road 18, a well maintained gravel road that provides access to Midas from either Winnemucca, 136 kilometers (85 miles) to the west, or Elko to the east.

History of the Property

The history of the exploration of the mineral claims is summarized in the geological report that we obtained from Mr. Rice. The following summary of the exploration history of the mineral claims is based on Mr. Rice's description.

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The earliest activity in the district began in the 1880s when miners extracted silver-lead ore from the Mint mine. In 1893 mining operations ceased and then a period of renewed activity took place in the 1930s and 1940s. More recent exploration activity by Placer Dome was conducted in 1987-1988. Due to the discovery of a new deposit in the historic mining district of Midas, companies began exploring the area in 1996 and 1997. Anomalous gold and silver assays from rock chips collected by the author encouraged the staking of the 14 lode mining claims in the district in November 2000.

Geology of the Burner Hills Property

In his geological report Mr. Rice concludes that there are three veins that have the potential of hosting economic gold and silver mineralization on the Burner Hills mineral claims. Economic mineralization is the presence of mineralization on our mineral claims in sufficient quantity and concentration and in an accessible location that would justify the commercial extraction of these minerals through an operating mine. Economic mineralization would be identified by delineation of a body of ore by drilling and/or underground sampling to demonstrate that the ore body has a sufficient tonnage and average grade of metals to justify commercial extraction.

The quartz veins identified on the Burner Hills mineral claims are present within volcanic and sedimentary rocks present on the Burner Hills mineral claims. A quartz vein is a body of quartz rock, frequently long and narrow, that may contain gold. Quartz veins that host gold, silver and base metal mineralization are typical of a low sulfidation, epithermal hot-springs gold system. A low sulfidation, epithermal hot-springs gold system is a gold deposit formed by hot-springs activity with low sulfur content.

The primary area of exploration interest on the Burner Hills mineral claims is the area of the Mint Mine, where historic production of silver and lead began in the 1880s. The Mint mine is an abandoned mine located on the Burner Hills mineral claims. The Mint mine is located on a quartz vein known as the Mint vein. The Mine vein refers to a quartz vein identified on the Burner Hills mineral claims. Prospect pits and quartz vein material associated with the Mint vein occur on the surface of the Burner Hills mineral claims over an extent of 450 meters (approximately 1500 feet). A parallel vein to the south of the Mint vein has also been identified on the Burner Hills mineral claims. Mineralization occurring at the junctions of the identified veins are primary exploration targets because of the possibility of locating high grade gold and silver deposits at these structurally prepared intersections.

Exploration Program

Phase I of the planned exploration work on the property was completed during the 2001 field season. This consisted of geologic mapping and rock chip sampling. Phase II consisted of a soil orientation grid and was completed in the summer of 2002. A fill-in soil grid to compliment the soil orientation grid was completed in August of 2003; this was part of Phase III.

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Phase III of the work program consisted of the soil geochemistry orientation survey. A soil geochemistry orientation survey involves the identification of elements or suite of elements present in soil sampled from the mineral claims with the objective of assessing the geology of the mineral claims. We proceeded with a portion of this recommended third phase of the exploration program during the 2003 field season at a cost of \$3,170. This work program was completed by Mr. Rice as our consulting geologist.

Conclusions and Recommendations

Samples collected by Mr. Rice from the Burner Hills mineral claims during phase one of the exploration program show that the area of the mineral claims is anomalous in gold and highly anomalous with silver, with the best results in the northeast striking veins, the Mint vein and the parallel vein to the south of the Mint vein. Assay results from these rock chip samples indicate that a mineralized system containing gold and silver is present. An assay is a chemical analysis of a rock sample to determine the amounts of metals in the rock sample and to test the rock sample for mineral composition, purity and weight. Anomalous concentrations of gold and silver are defined as concentrations of gold and silver that are statistically significantly greater than the base concentrations of gold and silver that would be expected to be found in the bedrock. The best assay results are from the Mint vein and the parallel vein identified to the south of the Mint vein. The assay results indicating a mineralized system containing gold and silver are important as we would not proceed to further stages of exploration on the Burner Hills property without assay results indicating mineralization in rock samples taken from the surface of the property.

Based on these assay results, Mr. Rice recommended a further three phase geological work program. This recommendation was based on the conclusion of Mr. Rice that the assay results were indicative of a gold and silver mineralized system below the surface of the Burner Hills mineral claims. The second and third phases of this exploration program were recommended in order to better identify exploration targets. The fourth phase would consist of a modest drilling program of a minimum of three holes.

We accepted the recommendations of the phase one updated geological report and proceeded to complete the second phase of the recommended exploration program in the summer of 2002. Mr. Rice visited the site of the mineral claims and completed the gathering of samples for analysis as part of this phase of exploration. The second phase included the completion of a detailed orientation soil grid. We received the geological report from Mr. John Rice summarizing the results of this second phase and giving further conclusions and recommendations in August 2002.

In his August 2002 geological report, Mr. Rice concluded that the results of the soil survey completed as part of the second phase show that there is a recognizable zone of mineralization present on the Burner Hills mineral claims. This zone is indicated by anomalous values of gold, silver and arsenic. Anomalous values of elements are concentrations that are statistically significantly greater than the base concentrations of elements that would be expected to be found in the bedrock. Mr. Rice concluded that these anomalies correlate with the Mint vein zone. Mr. Rice also concluded that the soil survey agrees with the geological map that the Mint vein is a discontinuous geological structure that trends from the old workings in the northeast to the southwestern edge of the property: a minimum distance of 900 metres (approximately 3000 feet). The gold soil map and silver soil map prepared by Mr. Rice as part of his August

2002 report show that high values of gold and silver are confined to the

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Mint vein structure. Mr. Rice concluded that these results were encouraging and recommended proceeding to phase three of the recommended exploration program. Phase three involves completion of a soil survey and completion of an induced polarization geophysical survey. An induced polarization geophysical survey will involve the application of a current into the ground using a pair of electrodes and sampling of the results at various locations throughout the mineral claims. The results are then plotted on a map in order to map the lateral and vertical variations in electrical resistivity and chargeability of the minerals present on the claims. These results would then be interpreted by Mr. Rice. The data from this work would be used to define targeted locations for the drilling program to be completed as part of the fourth phase of exploration. The estimated cost of completion of this third phase was \$13,000. This estimate included the costs associated with a geologist's review of the work conducted and interpretation of results.

Part of the Phase III work program consisted of the soil geochemistry orientation survey, which was completed during the 2003 field season. In his geological report dated October, 2003, Mr. Rice recommended that future work be conducted in two phases: continuation of Phase III which would consist of the IP geophysical survey at a cost of \$10,000 and Phase IV which would be to complete a modest drilling program consisting of a minimum of three drill holes.

Senate Capital Group, a private company controlled by Mr. Dennis Higgs, one of our directors, advanced to us \$10,700 in 2004 to continue phase three of the exploration program.

If we proceed to the fourth phase of the recommended exploration program, the estimated cost of completion of this fourth phase is \$40,000. This estimate includes the costs associated with a geologist's review of the work conducted and interpretation of results.

The total cost to complete these two phases of the exploration program is thus estimated to be \$50,000.

Each phase of the recommended work program would include a geological review and interpretation of the results of the phase. The geological review and interpretations required in each phase of the exploration program would be comprised of reviewing the data acquired and analyzing these data to assess the potential mineralization of the mineral claims. Geological review entails the geological study of an area to determine the geological characteristics, identification of rock types and any obvious indications of mineralization. The purpose of undertaking the geological review would be to determine if there is sufficient indication of mineralization to warrant additional exploration. Positive results at each stage of the exploration program would be required to justify continuing with the next phase. Such positive results would include the identification of the zones of mineralization.

We will make a determination whether to proceed with phase four upon completion of phase three and review of the results of this third phase. In making this determination, We will assess whether the results of phase three are sufficiently positive to warrant continuation through phase four of the exploration program. Any conclusions and recommendations will be based on the professional opinion of Mr. Rice or another independent geologist based on the results of the previous phases of exploration. Whether these conclusions and recommendations will warrant further investment will be based on many factors, including the price of gold, the market for shares of junior exploration companies, the market for financing of mineral exploration projects and the individual decisions of investors at the time of their evaluation of an investment. Given these factors, we can give investors no assurance

as to what recommendations and conclusions arising from the results of phase three will be sufficiently positive for us to proceed with further exploration.

If we determine not to proceed with additional exploration on the Burner Hills mineral claims based on the results of phase three, then we anticipate pursuing the acquisition of an interest in an additional mineral property. We anticipate that any acquisition of an interest in an additional mineral property would be made by the acquisition of an option to acquire an interest in the mineral property that may be exercisable by completing exploration work on the property. We anticipate that the acquisition of an option on a mineral property is a feasible plan of operations, as our financial resources may be insufficient to acquire a full ownership interest in a property of merit. There is no assurance that we would be able to acquire an interest in any additional mineral properties or achieve the additional financing necessary to proceed with exploration if an interest in an additional mineral property is acquired. There is no assurance that we will be able to complete an acquisition if a mineral property is targeted. Further, we will require additional funds in order to fund exploration activities if an acquisition is completed.

If we are unable to secure a mineral or natural resource property for exploration, then we would pursue the acquisition of another business or business asset. There is no assurance that we would be able to acquire any interest in any other mineral or natural resource property or other business in view of our limited financial resources. Further, we anticipate having to secure further financing in order to conduct any exploration on any mineral or natural resource property or business acquired. There is no assurance that we would be able to secure the required financing or that we would achieve profitability if financing was completed.

The following table summarizes the costs of proceeding with the geological exploration program recommended by the geological report:

PROPOSED BUDGET: BURNER HILLS

PHASE III - GEOPHYSICS and SOIL GRID

IP Survey	\$US10,000.00
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Target definition and to explore for structures beneath volcanic rock cover east of the range front.

TOTAL PHASE III	\$US10,000
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PHASE IV - DRILLING

Preparation

	Permitting	\$1,000
	Site prep and reclamation	\$1,000
Drilling	(2000 feet @ \$10 per foot)	\$20,000
	mob/demob	\$2,000
Assays	(400 @ \$15 per sample)	\$2,000
Geologist	(7 days @ \$325 per day)	\$2,275
Reporting		\$1,200
Contingency		\$6,525
	TOTAL PHASE IV	\$US 40,000
	TOTAL PHASE III and IV	\$US 50,000

SASKATCHEWAN

Our Saskatchewan property, called the Cochrane River property consists of two Mineral Prospecting Permits (MPP 1237 and MPP 1238) with a combined total areal extent of 67,480 ha (166,747 acres). The property is located in northern Saskatchewan. Ubex Capital Inc. ("Ubex") filed an application with Saskatchewan Industry and Resources ("SIR") to acquire the permits on 31st January, 2005, and certificates confirming title were subsequently issued by SIR on 4th March, 2005. The permits are registered in the name of Ubex Capital Inc. with 100% unencumbered ownership.

Permit application fees which were submitted by Ubex, payable to SIR, were as follows:

For each permit, a refundable deposit of \$15,000, and a recording fee of \$0.15 per hectare.

The legal description of the permits consists of a listing of corner coordinates (NAD 27), as follows:

Permit MPP 1237

1. 102< 47' 19.68" W 58< 45' 00" N
2. 102< 34' 58.80" W 58< 40' 30" N
3. 102< 52' 08.40" W 58< 30' 00" N
4. 103< 00' 00" W 58< 30' 00" N
5. 103< 00' 00" W 58< 39' 19.08" N

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Permit MPP 1238

1. 102< 47' 19.68" W 58< 45' 00" N
2. 102< 34' 58.80" W 58< 40' 30" N
3. 102< 25' 01.20" W 58< 46' 16.32" N
4. 102< 27' 52.20" W 58< 47' 44.88" N
5. 102< 15' 34.20" W 58< 54' 11.16" N
6. 102< 17' 14.28" W 58< 55' 02.64" N
7. 102< 34' 00" W 58< 49' 55.56" N

8. 102< 40' 22.08" W58< 48' 05.94" N

Title to MPP1237 and MPP 1238 has been sold to us by Ubex. We have entered into a mineral property purchase agreement with Ubex dated April 26th, 2005, to acquire an undivided 100% right, title and interest in the two mineral exploration properties. The agreement is subject to Ubex retaining a 2% royalty. Total consideration for this acquisition consists of a cash payment in the amount of CDN \$40,756.95, which is Ubex's cost of acquisition of the two permits.

Ubex Capital Inc. is 100% owned by Dennis Higgs, one of our directors. Ubex will retain a royalty of 2% on the property and will split the royalty (1% each) with Darcy Higgs, Dennis Higgs' brother, who owns 17.1 % of our shares of common stock.

Saskatchewan mineral dispositions including permits are administered by SIR on behalf of the Crown of Canada in accordance with *The Mineral Disposition Regulations, 1986*. The holder of a permit is granted the exclusive right to explore for minerals (though not to extract, recover or produce minerals except for testing and scientific purposes) within the permit outline. A permit is valid for a period of 2 years and may not be renewed. While in compliance with the requirements of the regulations, a permit holder is entitled to convert any portion of a permit to mineral claims which may be held indefinitely. A claim holder may subsequently convert his claim into a mineral lease which allows for commercial extraction of minerals.

To maintain a mineral prospecting permit in good standing, SIR requires the filing of reports documenting acceptable exploration expenditures of \$1.25 per hectare in the first permit year, and \$4.00 per hectare in the second permit year. Reports and statements of expenditures must be filed not later than 90 days following the permit anniversary dates.

Excess expenditures may be carried over and applied to the following permit year and/or claim year. Annual expenditure requirements to maintain mineral claims in good standing are \$12 per hectare for the first 10 years and \$25 per hectare thereafter. In the case of claims converted from exploration permits, the deemed effective dates are the effective dates of the permits.

After the first permit year, and subject to acceptance of the required filing of exploration expenditures, a permit may be reduced in size to a single block not less than 10,000 ha in size.

The deposit of \$15,000 per permit is refundable to the registered holder after the first or second permit years if acceptable exploration expenditures have been filed. The deposit would normally be rolled over to apply to the second permit year unless the holder elected to surrender the permit after the first year.

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Obligations in the First and Second Permit Years

To maintain the permits in good standing up to the first anniversary date (31st January, 2006), exploration expenditures of \$1.25 per hectare must be documented and filed by 1st May, 2006.

Subsequently, to maintain the permits in good standing to the second anniversary date (31st January, 2007), further exploration expenditures of \$4.00 per hectare must be documented and filed by 1st May, 2007.

Location and Access

The Cochrane River property is a single contiguous block of irregular outline, extending for approximately 62 km in a northeast-southwest direction and approximately 15 km in a northwest-southeast direction. The centre of the property

is approximately 102° 40' W, 58° 45' N. The property occupies portions of NTS map sheets 64 L/9, 10, 15 and 16.

The property extends to the northeast of the northern portion of Wollaston Lake. The closest community is the Village of Wollaston Lake which is located 50 km to the south. This community is served by a year-round scheduled air link to the cities of Saskatoon and Prince Albert in central Saskatchewan. A winter road (during January, February and March) links the Wollaston Lake community with Provincial Highway 905 (and the provincial road network) on the west side of Wollaston Lake.

There is presently no road access to the Cochrane River property. Numerous lakes within the property can be accessed by float- and ski-equipped light aircraft which are available for charter at Points North Landing (75 km to the southwest) and at the Town of La Ronge (400 km to the south-southwest).

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Property Location Map

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Geology of the Cochrane River Property

The property is underlain by highly deformed Paleoproterozoic Wollaston Group metasediments and Archean age granites which form part of a 60 km wide, northeast trending fold-thrust belt known as the Wollaston Domain. The Cochrane River property is located within the western portion of the Wollaston Domain where the metasediments contain abundant graphitic horizons.

The Athabasca Basin, which extends for some 425 km east-west x 220 km north-south, hosts several world class uranium deposits (McArthur River, Cigar Lake, Key Lake, and others). These deposits occur at and around the contact between western Wollaston Group metasediments and overlying Athabasca Group sandstone units and are generally termed unconformity-type deposits. Although much of the uranium ore is generally hosted by the overlying Athabasca Group sandstones, significant uranium mineralization commonly extends vertically beneath into the Wollaston Group rocks. This is particularly evident at the McArthur River deposit, where the majority of the uranium ore and the highest grades of mineralization occur in the underlying basement rocks.

The Athabasca Group sandstone rocks are approximately 1.7 billion years in age, and there is evidence that these rocks were once thicker (by probably 2 km or more) and much more extensive in area. The Cochrane River property was no doubt overlain by Athabasca Group sandstones for a significant portion of its geological history. Unconformity-type uranium deposits could have formed within the property at that time. Although now eroded to below the level of Athabasca Group coverage, any underlying basement-hosted or root zones of mineralization should be preserved. These are the targets of the present exploration program at the Cochrane River property.

Faults, particularly the common northeast-oriented strike slip faults of this region, tend to be localized within the soft, graphitic horizons of the Wollaston Group sediments, particularly where adjacent to relatively rigid basement units such as Archean granites. Fault movements, particularly strike-slip movements, enhance the electrical conductivity of graphitic horizons by aligning the graphite grains and promoting electrical continuity. Reactivated basement faults also provide enhanced fluid permeability in the basement which facilitates fluid flow and mixing which are thought to be key components in the formation of the uranium deposits of the Athabasca Basin region. Thus, faults and particularly graphitic conductors are commonly sought as exploration targets for uranium mineralization. Graphitic conductor horizons which are in close proximity to Archean granite bodies are thought to be particularly favorable.

Mining Activities and Equipment on the Cochrane River Property

There has been no mining activity within the property. There is no mining equipment on site.

Status of Exploration at the Cochrane River Property

No exploration work has been conducted by us on the property. No mineralized material is known to exist.

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Prior Exploration Work at the Cochrane River Property

There is no record of prior exploration work on the property.

Geological Reports on the Cochrane River Property

We do not know the geology of the property. We decided to conduct exploration activities on the property because uranium was discovered nearby.

Proposed Exploration Program

Phase	Work Description
Initiation	Compilation of results of prior work and analysis
Year 1 Reconnaissance Exploration	Structural/lineament analysis and interpretation

Year 1 Reconnaissance Exploration	Airborne EM survey
Year 1 Reconnaissance Exploration	Initial ground follow-up, prospecting, geochemical sampling
Year 2 Exploration	Ground EM surveys to pinpoint conductor targets
Year 2 Exploration	Diamond drilling of priority targets
Timetable and Budget	

Work Item	Timetable	Budget
1. Compilation and analysis of results of prior work	In progress	\$10,000
2. Acquire aeromag and IKONOS or airphoto coverage. Structural/lineament analysis and interpretation.	June, July, 2005	\$30,000
3. Airborne EM survey	To be determined	\$200,000
4. Initial ground follow-up, prospecting, geochemical sampling	To be determined	\$80,000
5. Ground EM surveys to pinpoint conductor targets	To be determined	\$75,000
6. Diamond drilling of priority targets	To be determined	\$375,000

MONGOLIA

Property Description and Ownership

In May 2005, Glenn Catchpole, our president, acquired a 100% interest to the Khavtsal property through a purchase of an exploration license legally recorded and transferred in accordance with the Mongolian Mining Law. The Khavtsal property is recorded at the OGMC by license number #8560 and covers 16,091 hectares.

Mongolia allows for the application of a mineral exploration license through the Office of Geological and Mining Cadastre Office ("OGMC"), an agency of the Mineral Resource Authority of Mongolia. Exclusive rights to explore are granted to individuals or companies, subject to approval of a correctly submitted license application and exploration conducted in compliance with specified mineral law.

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Glenn Catchpole entered into a purchase agreement, subject to due diligence and confirmation of title, to purchase a 100% interest in the Khavtsal project including the historical files of data on past work on the project, and commissions, for a total purchase price of \$105,945. No additional payments or work commitments will be required subsequent to closing of the sale. The permit is recorded in the name of Glenn Catchpole because we had not set up a Mongolian corporation at the time the transaction was negotiated. Glenn Catchpole has not provided us with a signed or executed bill of sale in our favor. However, it is intended that he will transfer ownership of the project to a subsidiary corporation to be formed by us in Mongolia for holding all of our Mongolian permits and projects.

The legal status of the license is maintained by the payment of \$0.10 per hectare in annual fees (2005) on or before the anniversary date of the license issue and by submitting exploration reports annually.

We will maintain the Khavtsal property in good standing for 12 months by recording the license transfer from the present owner to us by paying \$1609 USD in annual license fees on or before the license issuance anniversary and filing a suitable exploration report to the OGMC of Mongolia. Exploration Licenses may be held for seven years during which the exclusive right to obtain a mining license within the boundary of the license is held by the owner.

Location and Access

The Khavtsal property is 321 kilometers south-southeast of Ulaan Baatar, the capital city of Mongolia in the Dornogovi province and Armag sub province. The approximate geographic center of the property is at 45° 32' 42" and 109° 07' 08' . Access to the property is by surfaced and undeveloped roads that head southerly from Ulaan Baatar. These roads parallel the main railway between Ulaan Baatar and southern Mongolia. The property is 30 kilometers south from the station Khar Armag along this railway.

Geology and Physiology

Khavtsal is one of approximately sixty significant sediment hosted uranium occurrences identified and explored by the Russian-Mongolian Survey during the 1980s. The local geologic setting is referred to as the Ulaan Nuur depression. Uranium occurs within a sedimentary sequence that includes significant amounts of organic and carbonaceous material.

The geology of the area includes a basement of Proterozoic to Paleozoic metamorphic igneous rocks that are covered by Jurassic basalts and quartz-porphyrries. This sequence of Jurassic igneous rocks is covered by Upper Jurassic and Lower Cretaceous conglomerates and sandstones which are covered by young alluvial deposits.

Surface trenching exposes horizons of black and brown clays, enriched in carbonaceous organic material that contains 0.012% to 0.241% uranium in layers from 0.6 to 1.8 meters thick. Drilling in the vicinity of the trenches shows similar thicknesses and values with highs of 0.276% uranium over 0.3 meter thicknesses.

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A Russian exploration summary that describes and characterizes " estimated resources" has been acquired from the Mongolian Geologic Information Center files at the OGMC in Ulaan Baatar, Mongolia. The translation from Russian has been provided by a Mongolian consultant hired by us and these results will need to be confirmed with additional trenching and drilling. At this point, we take the report as indicating favorable exploration potential.

Equipment

No recovery plant or mining equipment is on the Khavtsal property. Power to the site will most likely be produced on site with generators.

Previous Exploration Activity

We have not conducted any exploration on the property. Previous occupiers of the Khavtsal property have conducted some exploration activity. A summary report on file at the Geologic Information Center within the offices of the Mineral Resource Authority of Mongolia (MRAM) provides the following summary of exploration work completed on the Khavtsal property:

1. Geologic and radiometric exploration.
2. Gamma Spectrometry Mapping.
3. Surface trenching totaling 3046m³
4. Drilling totaling 1808 meters (44 holes estimated)
5. Channel sampling of 43.25 meters

6. Rock sampling totaling 625 samples
7. Magnetic Survey at 100m by 20m stations over 12.4km²
8. Electric (geophysical) profiles on 100m by 20m stations over 10km²

The Khavtsal property can be considered in a stage of advanced exploration based on historic work completed and reported on by the Russian-Mongolian Survey in 1987. The Russians report "resources" of 2000 tons uranium ("Probable resources") for the Khavtsal uranium occurrence based on physical exploration (noted above) and 4000 tons uranium based on unconstrained geologic projection ("Speculative undiscovered resources") for the larger Ulaan Nuur depression in which Khavtsal is located.

Exploration on Khavtsal was conducted by the Russian-Mongolian Geologic Survey. This work consisted of an airborne gamma spectrometry survey in 1981 that identified a significant anomaly and the work described above that was conducted in 1987. No other exploration work is recorded in information acquired by us.

We have acquired two Russian-Mongolian Survey reports from the Geologic Information Center in the offices of the Mineral Resource Authority of Mongolia. Translations and additional data searches are being provided to us by a Mongolian consultant based in Ulaan Baatar, Mongolia.

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Plan of Exploration

Our tentative plan of exploration is described below. The initiation and completion of this plan is dependent on other competing priorities that arise as a result of alternatives presented to us. A schedule and completion of this work is also dependent on our ability to finance the work. We may attempt to joint venture this work to an operating company in exchange for equity prior to conducting any exploration program on Khavtsal.

Exploration Phase	Work Required
1.Data acquisition and compilation	Search files agencies Mongolia and Russia
2.Surface Data confirmation	Preliminary resample surface trenches
3.Site visit and orientation	Field evaluation by Geologist
4.Report requirements for OGMC	Prepare report of exploration plans
5.Resurvey existing trenches and drill holes	Sub meter GPS survey by technicians
6.Digital Data entry	Entering data by technician
7.Generate Preliminary Drill sections	Product output by technician
8.Generate Preliminary 3D Model resource etc	Complete by geologist or specialist
9.Drill Data confirmation	Twin existing holes.
10.Design surface exploration program	Prepare plan by Geologist
11.Conduct surface exploration program	Execute plan by geologists, specialists, etc
12.Design drill program if warranted	Prepare Plan by geologist
13.Conduct Drilling program if warranted	Mobilize drill and execute
14.Evaluate exploration results	Evaluation and reporting by geologists

Stage of Exploration:	Timetable:	Cost:
1.Data acquisition and compilation	2 months	\$6,000
2.Surface Data confirmation	15 days	\$12,000
3.Site visit and orientation	4 days	\$2,500
4.Report requirements for OGMC compliance	3 days	\$1200

5. Resurvey existing trenches and drill holes	7 days	\$8,000
6. Digital Data entry	1 month	\$4,000
7. Generate Preliminary Drill sections	4 days	\$1,000
8. Generate Preliminary 3D Model resource etc	15 days	\$6,000
9. Drill Data confirmation	2 months	\$132,000
10. Design surface exploration program	10 days	\$4,000
11. Conduct airborne Radiometric	5 days	\$80,000
11. Conduct surface exploration program	3 months	\$65,000
12. Design drill program if warranted	10 days	\$4,000
13. Conduct Drilling program if warranted	1 month	\$300,000
14. Evaluate exploration results	14 days	\$6,000
15. Other Data Acquisition, Camp, Expenses		\$50,000
		\$681,700

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This program might be conducted over two or more seasons and is tentative based on the ability to finance programs by us or to joint venture with suitable partners. Also we may defer and or delete programs entirely based on alternative exploration investment opportunities in our portfolio. No work expenditures are required to keep the project in good standing.

Material terms of contracts for completion of exploration work will be conventional service contracts specifying scope of work, fees and payments, company versus contractor obligations and completion standards, and contract term and termination.

Regulations

We will have to comply with the following governmental regulations:

Governmental Regulation	Manner of Compliance
1. Establish a business presence in Mongolia	Establish a subsidiary or other, cost nominal
2. Comply with Khavtsal license transfer	Pay fees and record at OGMC.
3. Receive approval local Soum leaders	Secure written approval and pay any Fee.
4. Comply with reporting exploration plans	Consulting billing and file at OGMC
5. Environmental regulation compliance	Operate Exploration Responsibly
6. Maintain annual license fees	Payment of Fees to OGMC
7. Comply with Mongolian labor laws.	Ensure compliance service contractors.

Governmental Regulation	Estimated Cost:
1. Establish business presence in Mongolia	\$2000
2. Comply with Khavtsal license transfer	\$2000 including legal fees
3. Receive approval local Soum leaders	\$1,000 to \$5,000 estimated (negotiated)
4. Comply with reporting exploration plans	\$1,000 in billable consulting
5. Environmental regulation compliance	\$1000
6. Maintain annual license fees	\$1609 in 2005
7. Comply with Mongolian labor laws.	Nominal cost

Exploration license fees are established by law and paid annually on or before the anniversary of license issue as:

Per hectare: USD \$0.05 for the first year, and USD \$0.10 for each of the second and third years.
Per hectare: USD \$1.00 for each of the fourth and fifth year of the license.
Per hectare: USD \$1.50 for each of the sixth and seventh year of the license.

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WYOMING

Property Description and Ownership

We have applied for leases from the State of Wyoming for the minerals on seventeen (17) state-owned sections of land. Each section typically contains 640 surface acres, more or less, for a total of 11,280 acres. Eleven (11) of these sections are located in the Power River Basin and six (6) are located in the northern part of an area generally referred to as the Great Divide Basin (or Red Desert). It is anticipated that these applications will be routinely approved at the next regular meeting of the State of Wyoming Board of Land Commissioners in June, 2005.

The fee for the applications is a flat twenty five dollars (\$25) per application plus one dollar (\$1) per acre for the first year rental making the total six hundred and sixty five dollars (\$665) per state section. The total amount paid for leasing of the seventeen plus sections is \$11,530. The owner of a mineral lease on state land has the right to explore for and extract any solid mineral lying on or below the surface of the land.

The applications for the above mentioned state leases are in the name of either Glenn J. Catchpole, our President, or George J. Hartman, our Vice-President, Mining. Once the applications have been approved the ownership of each lease will be legally transferred to us.

Wyoming Mining Claims (federal mineral)

We are currently in the process of staking claims on federal and private lands in the state of Wyoming where the mineral rights are owned by the federal government. The specific locations of the claims being staked cannot be revealed at this time for business confidentiality reasons. In general, the claim staking will take place in the Powder River Basin and the northern Great Divide Basin. It is planned that 50 to 150 claims will be staked and recorded with the county and federal governments this year. It is also probable that we will purchase mineral claims directly from existing owners during the next twelve (12) months. The number of such acquisitions cannot be stated at this time.

A typical claim will have the dimensions of 1,500 feet by 600 feet and approximately twenty (20) acres in size. The county fee for filing a mineral claim varies between counties but is typically about \$8 per claim. The federal fee for filing a mineral claim is \$35 per claim.

The applications for the above mentioned mineral claims will be made in our corporate name.

Obligations in the First and Subsequent Years

Wyoming State Leases

The annual rental fee is \$1 per acre for the first five years, and \$2 per acre for years six through ten. If any uranium is produced from these state leases a mineral royalty will have to be paid to the State of Wyoming. There are no minimum annual work requirements. The owner of the mineral lease must conduct his activities in a manner that is consistent with all applicable environmental laws and regulations.

Mineral Claims (federal mineral)

The annual maintenance fee is \$100 per claim payable to the federal Bureau of Land Management. There are no minimum annual work requirements. The owner of the mineral claim must conduct his activities in a manner that is consistent with all applicable environmental laws and regulations.

Locations and Access

Wyoming State Leases

We have made application to lease the mineral rights for some seventeen full sections of state owned land plus a portion of five other sections. Once these applications have been approved the owner of the mineral lease has the right of access subject to the paying of surface damages caused by him on any surrounding privately owned land. All the state sections being applied for are in locations that are easily accessible. Specific routes will be identified for each lease area once the applications have been approved.

Mineral Claims (federal mineral)

We are in the process of staking federal mining claims on federal and private lands in Wyoming at several locations. The specific locations of the claims being staked cannot be revealed at this time for business confidentiality reasons. Once these applications have been approved the owner of the mineral lease has the right of access subject to the paying of surface damages caused by him on any privately owned land. All the state sections being applied for are in locations that are easily accessible. Specific routes will be identified for each claim area once the applications have been approved.

Wyoming State Leases

We have not yet prepared a property location map in connection with our applications for the lease of some seventeen plus state sections for business confidentiality reasons.

Mineral Claims (federal mineral)

We have not yet prepared a property location map in connection with our claim staking activity for business confidentiality reasons.

Geology

Wyoming State Leases

We do not have detailed geology on any of the seventeen plus state sections that are being applied for with the state of Wyoming for mineral leases. In general, we have applied for state sections located in sandstone basins of Cretaceous or Tertiary age and thus have the potential for the economic solution mining of uranium.

Mineral Claims (federal mineral)

We do have some geologic information on most of the mining claims currently in the process of being staked. In general, we are staking claims on ground located in sandstone basins of Cretaceous or Tertiary age and thus have the potential for the economic solution mining of uranium.

Mining Activity and Equipment on the Properties

Wyoming State Leases

There is no mining activity or mining equipment on any of the state sections that we have made applications for a mineral lease.

Mineral Claims (federal mineral)

There is no mining activity or mining equipment on any of the lands being staked by us.

Status of Exploration

Wyoming State Leases

No exploration work has taken place by us on any of the state sections that we have made applications for a mineral lease.

Mineral Claims (federal mineral)

No exploration work has taken place by us on any of the lands being staked by us.

Prior Exploration Work

Wyoming State Leases

At this time, we do not have knowledge of any prior exploration work on any of the state sections that we have made applications for a mineral lease.

Mineral Claims (federal mineral)

On most of the lands where we are staking the property reflects previous exploration work.

Geological Reports

Wyoming State Leases

We have not yet commissioned any geologic reports on any of the state sections that we have made applications for a mineral lease.

Mineral Claims (federal mineral)

We have not yet commissioned any geologic reports on any of the lands where we are staking claims.

Proposed Exploration Program

Wyoming State Leases

Year 1 - obtain all possible existing geologic information and evaluate the information. Describe surface geology. Review all available regional information and information that may be available from neighbors. Identify those state sections with best potential and design exploration programs that include some drilling. Prepare summary geologic report on each state section for management.

Year 2 - conduct exploration by drilling on those state sections identified as having the best potential. Evaluate the results of the drilling program and prepare summary reports for management including reserve calculations where appropriate. At the end of the year drop those state sections that have been identified as having low potential. Design exploration drilling programs for the next year on those state sections continuing to show significant uranium potential.

Year 3 - conduct exploration drilling program on the state sections with best potential. Evaluate results of the drilling program. At end of the year drop any of the state sections that have been identified from the drilling to have low potential. Prepare summary report for management including an update of the reserve numbers and recommendations for development using ISL mining.

Mineral Claims (federal mineral)

Year 1 - obtain all possible existing geologic information and evaluate the information. Describe surface geology. Review all available regional information and information that may be available from neighbors. Identify those claim areas with best potential and design exploration programs that include some drilling. Prepare summary geologic report on each state section for management.

Year 2 - conduct exploration by drilling on those claim areas identified as having the best potential. Evaluate the results of the drilling program and prepare summary reports for management including reserve calculations where appropriate. At the end of the year drop those claims that have been identified as having low potential. Design exploration drilling programs for the next year on those areas continuing to show significant uranium potential.

Year 3 - conduct exploration drilling program on the claims with best potential. Evaluate results of the drilling program. At end of the year drop any of the claims that been identified from the drilling to have low potential. Prepare summary report for management including an update of the reserve numbers and recommendations for development using ISL mining.

Timetable and Budget

Wyoming State Leases

Year 1 - \$10,000

Year 2 - \$100,000

Year 3 - \$100,000

Mineral Claims (federal mineral)

Year 1 - \$10,000

Year 2 - \$150,000

Year 3 - \$150,000

Possible Delaying Factors

Wyoming State Leases

Year One - difficulty in obtaining existing information on a timely basis.

Year Two - difficulty in contracting drilling rigs and logging units. In Wyoming there is currently a shortage of exploration drilling rigs caused by the recent rapid development in the coal bed methane industry. The expected increase in uranium exploration in Wyoming in the next two to three years will also increase the difficulty of contracting for drilling rigs and logging units. Another possible delaying factor is severe shortage of experienced uranium geologists.

Year Three - same as Year Two, above.

Mineral Claims (federal mineral)

Year One - difficulty in obtaining existing information on a timely basis.

Year Two - difficulty in contracting drilling rigs and logging units. In Wyoming there is currently a shortage of exploration drilling rigs caused by the recent rapid development in the coal bed methane industry. The expected increase in uranium exploration in Wyoming in the next two to three years will also increase the difficulty of contracting for drilling rigs and logging units. Another possible delaying factor is severe shortage of experienced uranium geologists.

Year Three - same as Year Two, above.

Possible Cost Escalation Factors

Wyoming State Leases

Year One - None expected.

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Year Two - Increasing fuel costs. Escalating drill rig and logging unit costs in short supply situation. Increasing professional salaries in a short supply situation.

Year Three - same as Year Two above.

Mineral Claims (federal mineral)

Year One - None expected.

Year Two - Increasing fuel costs. Escalating drill rig and logging unit costs in short supply situation. Increasing professional salaries in a short supply situation.

Year Three - same as Year Two above.

We have not conducted any exploration activity on the state sections where we have made applications for a mineral lease.

We have not conducted any exploration activity on the claims that we are in the process of staking.

Selection of Contractor Factors

Wyoming State Sections

As mentioned above, there is currently a shortage of drilling rigs in Wyoming because of the rapid growth of the coal bed methane business. This situation will most likely get worse as the demand for the same type of drilling rigs for the uranium industry grows over the next two to three years. It is hoped that this situation will improve as drilling contractors recognize the business potential and begin acquiring additional drilling rigs and training crews. We may start soon contacting drilling contractors to make arrangements for exploration drilling in Year Two of the Work Program

Mineral Claims (federal mineral)

Same as above.

Regulations Affecting Mineral Exploration

Exploration by drilling in Wyoming requires compliance with Wyoming Statute 35-11-404 and Chapter 8 of Land Quality Division non-coal regulations. These regulation require us to post a \$10,000 bond for each exploration area, reclaim drill sites and properly plug each drill hole, and file a termination report. After submitting the termination report, a government inspector will check the exploration area, including the drill hole plugging, for compliance before releasing the bond.

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Government Regulation

Exploration activities are subject to various national, state, foreign and local laws and regulations in the United States, Canada and Mongolia, which govern prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, protection of the environment, mine safety, hazardous substances and other matters. We believe that we are in compliance in all material respects with applicable mining, health, safety and environmental statutes and the regulations passed thereunder in the United States, Canada and Mongolia.

Environmental Regulation

Exploration activities are subject to various federal, state and local laws and regulations governing protection of the environment. These laws are continually changing and, as a general matter, are becoming more restrictive. Our policy is to conduct business in a way that safeguards public health and the environment. We believe that our exploration activities are conducted in material compliance with applicable laws and regulations.

Changes to current local, state or federal laws and regulations in the jurisdictions where we operate could require additional capital expenditures and increased operating and/or reclamation costs. Although we are unable to predict what additional legislation, if any, might be proposed or enacted, additional regulatory requirements could render certain exploration activities uneconomic.

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Competition

We compete with other mining companies in connection with the acquisition of precious metals properties. There is competition for the limited number of gold and uranium acquisition opportunities, some of which is with